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SIPDIS

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TAGS: [CH](#) [ETTC](#) [IT](#) [PARM](#) [PREL](#) [TSPA](#) [EXPORT](#) [CONTROLS](#)

SUBJECT: ALENIA SPAZIO SPACE COOPERATION WITH CHINA

REF: A. SECSTATE 283728

[1](#)B. ROME 2977

Classified By: ECONOMIC MINISTER-COUNSELOR SCOTT KILNER FOR REASONS 1.5
(B) AND (D)

[1](#)1. (U) This message contains an action request in para 7.

[1](#)2. (S) Ecmin delivered reftel information October 10 to MFA Director General for Economic and Financial Cooperation Giandomenico Magliano, who was accompanied by Diego Ungaro, Director of the MFA's Office of Defense Industry and Sensitive Technology Transfers. Ecmin initiated the discussion by noting the United States' continued concerns regarding technology transfer to China, particularly in the space sector, and our preference that Italy not enhance China's space capabilities. He also made clear that, with regard to Alenia's potential projects in China, the U.S. would not approve the export of any U.S. Munitions List controlled technology to Alenia, nor allow U.S. firms to assist Alenia.

[1](#)3. (S) In this context, Ecmin continued, the U.S. nevertheless appreciated the exchange of information during bilateral dual-use export control talks in July, and welcomed the opportunity to glean insights from the GOI on China's space program. The U.S. would therefore not object to Alenia's participation in the five projects in question (data relay satellite; SinoSat II; manned space program; interactive telecommunications satellite; and navigation systems), subject to certain conditions or assurances in each case. Ecmin said the the Embassy did not intend to share this information with Alenia directly; we would leave that to the GOI. But we looked forward to status reports on Alenia's operations in China, and also hoped that a technical working group could be set up soon.

[1](#)4. (S) After thanking Ecmin for the positive news, Magliano said that the GOI would proceed effectively but cautiously, conveying the appropriate information to Alenia. The U.S. request for certain assurances in each case seemed reasonable at first glance, he offered. If it appeared that any of our conditions would present a fundamental obstacle to developing a project, Magliano said he would contact us to seek a mutually-agreeable technical solution. He also agreed to our request that a technical working group be established to monitor China's progress in space, which he said was in line with our July export control discussions. Magliano asked whether Washington had specific views on whether the proposed "technical working group to keep the U.S. apprised of Chinese progress in space" (Ref A, para 3) should be part of the planned export control talks led by DAS Maggi (Ref B), or should be a separate body.

[1](#)5. (S) While acknowledging U.S. concerns regarding China's participating in the Galileo project, Magliano stressed that any decisions on Galileo would be made at an EU level. Ungaro added, however, that Italy had no intention of expanding Chinese capabilities through cooperation on the Galileo project. (Ecmin used this turn in the discussion to warn that failure by the EU to resolve the M-code overlay issue by the December EU Transport Council meeting, when technical specifications are determined, could result in a significant transatlantic dispute just as Italy is concluding its EU presidency.)

[1](#)6. (S) A discussion then ensued regarding whether future bilateral talks on export controls -- either generally or more specifically focused on China's space program -- should involve company experts. On this issue, Magliano and Ungaro appeared someone divided. Ungaro suggested that government-to-government talks could help separate the issue of export control security needs from commercial interests. Magliano, in contrast, thought that discussions could only be sufficiently detailed if they included company officials in some fashion, as was the case in July discussions in Rome (Ref B). Ecmin replied that, from his perspective, the July meetings had proved to be a very successful format, allowing for government-only exchanges but also incorporating indispensable Alenia expertise at the appropriate points.

[1](#)7. (S) Action requested: Embassy greatly appreciates Washington agencies' thorough and timely reply on Alenia's proposed China projects, allowing us to fulfill commitments made during the July export control discussions in Rome. We

would welcome any further Washington views on the format for future discussions: specifically, should future technical

talks on Chinese progress in space be folded into the more general export control discussions planned? And should participation of company experts be included in such discussion, either on China or more generally?
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